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ABSTRACT

This is the 1997-99 performance funding report for the Washington State Board for Community and Technical Colleges (SBCTC). The state legislature mandated that community and technical colleges must develop a biennial plan to achieve measurable and specific improvements in the following areas: (1) increasing the average earning wage of job-training students to $12 per hour; (2) increasing the proportion of students who transfer to four-year institutions to 67%; (3) increasing the proportion of students who complete core curricula to 85%; and (4) increasing the college graduation efficiency index to 95%. The graduation efficiency index compares the minimum number of credits required for a degree with the total number of credits accumulated by graduates. This document also reports on the SBCTC's development of task forces to create improvement plans for community colleges and districts. The task forces identified multiple indicators that colleges and districts could utilize to measure improvements. Workshops would also be conducted to train staff. Suggestions for improvement include: (1) helping students clarify and commit to programs early; (2) allowing students to be more involved in the learning process; (3) directing students toward more high-wage fields; and (4) connecting learning to real life situations. The report includes specific information on each strategy area, and a list of responsibilities for the state board and the community college districts. (MKF)

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ED 466 254

Performance Funding for Improvement in Washington Community Colleges

In its 1997-99 operating budget, the 1997 legislature included performance funding for all of higher education (ESHB 2259, Section 601 and 610). The biennial budget set state-level performance goals for the community and technical college system in four areas:

- **Increase to $12 per hour** the average wage of job training students;
- **Increase to 67 percent** the proportion of academic students who transfer to four-year institutions;
- **Increase to 85 percent** the portion of students who complete "core" courses such as English and math; and
- **Increase to 95 percent** the "graduation efficiency index", a formula that measures the minimum number of credits required for a degree versus the total number accumulated by graduates.

Further, the legislature assigned the State Board for Community and Technical Colleges the responsibility for determining if districts have developed appropriate annual improvement plans and if districts have demonstrated improvement related to those plans. As incentives for performance, $2.7 million in funds are held in reserve until the State Board approves the district plans for 1997-98. Some $4.1 million is held in reserve for 1998-99 until the State Board assesses the extent of demonstrated performance improvement in the current year.

These four system-level performance goals were drawn from the system performance goals and indicators reviewed by the Board over the past academic year. Each represents an area in which the system is currently performing below the goal. The gap from the goal is large enough to represent considerably more than typical year to year variance. During the past year the Board has reviewed many other indicators where performance levels are quite high. These other indicators do not lend themselves to efforts for significant improvement but are an important part of the overall picture of system performance.

A task force of community and technical college officials worked throughout the summer of 1997 on a plan to meet these new requirements for performance improvement. The plan commits the colleges to using the new requirements to actually improve the quality of education, not merely as a number-crunching compliance activity. Each of Washington's 32 colleges chooses from a variety of possible approaches to improving performance in each area. Since performance improvement strategies won't show measurable results during 1997-98, the board's release of the first-year funds will be based in large part on the quality of the colleges' plans for addressing each goal. In the second year of the biennium, the State Board will determine when to release the reserved funds based on whether the colleges show improvement in the four goal areas based on analysis of short-term, management indicators appropriate to the chosen improvement strategies.

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Context in Washington: System-level assessment efforts began several years ago in response to legislative and public requests for accountability information.Since 1989, staff has conducted a number of research projects and designed new approaches for tracking student progress as part of the Student Outcomes project. In addition to system-level data on student outcomes, that project has focused on building campus-level assessment expertise, sharing best practices, and promoting faculty-driven strategies to improve student learning.

Colleges separately respond to a requirement for accountability stemming from their need to be accredited institutions. The Commission on Colleges of the Northwest Association of Schools and Colleges, the regional accreditation association, places considerable emphasis on the need for colleges to evaluate their own effectiveness as part of their on-going assessment.

National Context: Accreditation-based institutional effectiveness accountability efforts are evident around the country. Legislative action throughout the nation, however, signals that these existing accountability efforts have not been sufficient to address the external demands. Two-year colleges in all but a handful of states now operate under performance reporting or performance funding mandates. Those who analyze these trends find that the question common to all these efforts is:

> Are colleges providing the benefits they are meant to provide and are they doing it in an <u>increasingly</u> effective manner OR increasingly efficient manner?

In most of the states with performance reporting requirements, two-year colleges or systems must report process and outcome indicators, but performance on those indicators is not related to funding. Thirteen states, including Washington, now or soon will fund for performance. Florida and Missouri distribute their performance dollars based on the percentage of the total outputs of various types produced by each institution. Both states focus on degree and certificate outputs. South Carolina funds performance related to numerous process indicators such as student faculty ratios and number of accredited programs. Each year colleges must submit a plan indicating their performance "benchmarks". At the end of the year, performance is ranked on a 0 to 6 scale related to the benchmark and funding allocated accordingly. Tennessee and Missouri provide incentive funding for improvement. Colleges are not expected to show improvement for several years. Colorado, Ohio, Maine, Minnesota, North Carolina and Wyoming fund or are about to fund based on the extent to which colleges achieve standards. Except for South Carolina, only a small percentage, about five percent, of funding is performance driven.

Three states base part or all of their performance funding on improvement: Washington, Missouri and South Carolina. In South Carolina there is an expectation that benchmarks will be higher (or lower in the case of some indicators) each year, thus the focus on improvement. In that all state funds are under the performance funding mandate, the state develops a full entitlement for each college based on an FTE funding formula. It is this full entitlement which the college is seeking to achieve, based on its performance. The South Carolina program will eventually be based on 37 indicators. The first two years of this effort have been devoted to data issues.

Missouri's Funding for Results program is based on a campus developed plan, much like the Fund for Innovation plans developed by Washington colleges in the prior biennium. It is funded at the rate of about 5 percent above the carry-forward budget. Based on the plans, the state awards funds to each college to use in achieving their performance goals. While improvement is not expected annually, progress is monitored annually. To date, no college has lost funds as a result of failure to achieve their goals. The program is believed to provide considerable incentive to improve performance.

Lessons from other States: Prior to the Funding for Results effort, Missouri operated under several other performance reporting and performance funding guidelines. Fortunately, staff from the Missouri Coordinating Board for Higher Education have shared what they have learned from their experience. Educational consultants have also evaluated what has happened in Missouri and other states. The following represent some of what has been learned from these analyses:

- It is difficult to keep the focus of performance funding on improvement. The focus on quantitative indicators, especially those which are easy for external groups to understand, tends to promote mere compliance behaviors. The need to communicate externally tends to reduce emphasis on the needed internal conversations about improvement.
- In counterbalancing this tendency toward a compliance orientation, it is helpful to integrate performance plans into the regular planning processes of the colleges.
- In counterbalancing this tendency toward a compliance orientation, it is helpful to create a process that encourages colleges to look at complex issues using multiple indicators.
- For external communication, it is helpful to have only a few indicators that appear to have external face validity such as retention rates and graduation rates. (Note the potential contradiction in these two recommendations.)
- The quantity and quality of student learning, the performance that colleges might most want to measure, still eludes easy measurement. The results from the measurement methods that are being used such as portfolio assessment or capstone classes are very difficult to communicate externally[1].
- While legislators and governors look to performance funding as a means of assuring that government is continually improving, college staff tend to view their actions as a request for accountability reporting.
- It is difficult to keep the focus on improvement if the rules of performance funding change frequently. Thus there is a tension between the goal of having the best indicators, which may change based on new information versus the need for stability in the reporting requirements to allow focus on improvement strategies.

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[1] For more details see, **The National Assessment of College Student Learning: An Inventory of State-Level Assessment Activities: A Report of the Proceedings of the Third Study Design Workshop** November 1996, National Center for Educational Statistics.

Process in Washington: More than 35 college staff have been involved directly in one or more of the many discussions leading to the Accountability Implementation Plan (Attachment A). These discussions were:

- State Board and WACTC Executive Committee Dinner Meeting, June 18
- Performance Measures Task Force Meetings, July 7, July 25 and August 25
- State Board Staff Performance Measures Team Meetings, July 15 and August 18
- WACTC Education Committee, conference call, August 28, 1997
- State Board Approval of the Plan, September 18, 1997

Based on the initial vision for college improvement which emerged from the June 18 meeting, the Task Force worked during three full day sessions to design the plan. A membership list for the Task Force is included as Attachment B. As a result of these discussions, the following principles emerged:

- This effort will focus on accountability for improvement in areas that are a priority to the system. This effort is not to be structured as a compliance activity. The activity is not a matter of standards (achieving some minimum or maximum level of performance) but of continuous improvement.
- There will be four improvement areas for the system: improved wages for job preparatory students, increased transfer rates, improved retention especially in English and math, and efficient use of the system by students (the legislative goals as expressed in the budget language).
- The district improvement focus, related to performance funding, will be on strategies that contribute to these same four areas: improved wages for job preparatory students, increased transfer rates, improved retention, especially in English and math, and efficient use of the system by students. Districts will select priorities for improvement consistent with district institutional effectiveness plans, accreditation findings, strategic plans and other on-going improvement initiatives. Districts that do not have existing plans related to the required improvement areas will develop such strategies. Districts will select short-term management indicators, from a common menu, to monitor progress related to their selected strategies.
- System performance, compared to the performance goals set by the Legislature, is to be presented in a short, simple document for general public use.

In addition to developing the plan, the Task Force developed:

- Instructions for district ***Accountability for Improvement Plan***
- Background information which links the four goals to college-level improvement strategies and then to related short-term management indicators.
- A technical document on the menu of short-term management indicators from which colleges will select their multiple indicators. Several Institutional Researchers, not on the Task Force, also contributed to this listing.

- Criteria for review of the ***Accountability for Improvement Plan***
- Bases for partia and whole fundingbased on the evidence in the ***Annual Institutional Assessment*** rep t.

The Task Force will continue to meet this coming year to evaluate the implementation of performance.

At its September 18, 1997 meeting the State Board reviewed and approved the system Accountability Implementation Plan. The plan has been forwarded to the Office of Financial Management and the Legislature.

Next Steps

- Workshops for college staff assigned to develop the ***Accountability for Improvement Plan*** (tentatively at the beginning of October).
- District work to develop their ***Accountability for Improvement Plans*** due November 14
- Staff review of the ***Accountability for Improvement Plans*** in November.
- Board review of staff recommendations and action on the 1997-98 performance fund allocations at the December 11 meeting.
- Districts implement plans and checks results as of the end of Winter quarter 1998.
- Staff review of ***Annual Institutional Assessment*** reports in May.
- Board review of staff summary of assessments and funding recommendations and action on 1998-99 allocations at June 17 meeting.

Prepared by Loretta Seppanen and Jan Yoshiwara
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ATTACHMENT A

Accountability Implementation Plan
State Board for Community and Technical Colleges
September 1997

Approved by the State Board for Community and Technical Colleges,
Resolution 97-09-37, September 18, 1997

The plan represents the commitment of the State Board for Community and Technical Colleges to focus the energy of the more than 19,000 faculty and staff of the state's public two-year college system on continually improving the outcomes for its students. Performance measures related to the areas where improvements are most needed is an important part of that commitment.

GOAL AREA	STRATEGY AREA	RELATED INDICATOR (Title and Number from Menu)

This plan was prepared in response to the Legislature's 1997-99 operating budget (ESHB 2259, Section 601 and 610). The 1997-99 budget set state-level performance goals in four areas:

- Increase the average wage of job preparatory students to $12 an hour
- Increase to 67 percent the rate at which transfer-oriented students successfully prepare for and successfully transfer
- Increase to 85 percent the rate of students who successfully complete core courses
- Increase to 95 percent the efficiency rate of student educational goal achievement (GEI)

Further, the budget assigned the State Board for Community and Technical Colleges the responsibility for determining if districts have developed appropriate annual improvement plans and if districts have demonstrated improvement related to those plans. As incentives for performance, funds are held in reserve until the State Board approves the plans for 1997-98. Funds are held in reserve for 1998-99 until the State Board assesses demonstrated performance improvement in the current year.

This plan focuses on:

- The four state-level goals: historical trend, legislative goal and what we know related to how best to improve each.
- Description of the process the State Board will use related to college performance improvement. This process is designed to 1) focus on strategies which will contribute to improvement in the state-level indicators, 2) support each college's ability to focus on its own community, 3) judge improvement based on multiple short-term management indicators, 4) foster meaningful improvement, not merely compliance behavior with little or no actual improvement.

GOAL AREA | STRATEGY AREA | RELATED INDICATOR (Title and Number from Menu)

State-Level Workforce Training Performance Goal
Increase Average Wage of Job Preparatory Students to 12 an hour

Historical Trend and Goal

Hourly Wage, Former Vocational Students (Constant Dollars)				
	Class of 92-93	Class of 93-94	Class of 94-95	Legislative Goal
Former Students	$9.57	$9.98	$10.00	$12.00

Base year for constant dollars in 1996

Strategies

Based on previous research, staff conclude that the wage rates can be increased using any of three basic strategies:

Retention: Students who stay until graduation earn about $2 an hour more than those who leave early. College retention strategies focus in two main areas:

- Helping students transition into college. A key aspect of this transition is helping students to clarify and commit to a specific vocational goal soon after they arrive on campus.
- Helping students become involved in their learning (called "integration" in the retention literature). A key aspect of this strategy is involving students in their college and developmental math classes as these classes are required in most higher wage occupations.

Changing program mix: Colleges currently enroll about 39 percent of students in higher wage occupational programs, those where the typical graduate earns $11 an hour or more. Colleges have been spending and can continue to spend new dollars to increase the slots in higher wage programs. Colleges can reduce the spending on lower wage programs. Either approach will lead to an enrollment mix that will have a higher percentage of students graduating from the higher wage programs.

High wage strategies: Regardless of the retention or program mix, students can be helped to earn more after leaving by:

- Increasing the opportunity for work-based learning such as internships. Research shows that students employed (part-time job or internship) in a field related to training earn more than those who first gain their field-related employment after training.
- Increasing the opportunities for job search assistance. It is assumed that students who understand well how to market skills in the current labor market will be able to get higher wages than those with less understanding.

State-Level Transfer Performance Goal

GOAL AREA	STRATEGY AREA	RELATED INDICATOR (Title and Number from Menu)

Increase to 67 Percent the Rate at Which Transfer Oriented Students Successfully Prepare for and Successfully Transfer (to Washington four year institutions)

Historical Trend and Goal

	Transfer Rate		
	Started Fall 90 By Jan 1995	**Started Fall 91 By Jan 1996**	**Legislative Goal**
Rate	44%	46%	67%

Strategies

Based on research, staff conclude that the transfer rate is mostly dependent on whether students are able to progress through the classes they need to take in preparation for transfer (retention and goal commitment issues). The rate can thus be improved using any of two basic strategies:

Goal clarification and commitment: Transfer students who stay to complete their degree, or at least 75 credits, are much more likely to transfer than those who leave college early. A key factor in staying long enough is the extent to which students are committed to their transfer goal and to a specific institution and major. This goal commitment is part of the student transition process central to retention in general.

Student involvement in learning: Helping students become involved in their learning, as described earlier, is key to helping students complete the courses they need for transfer. A key aspect of this strategy is involving students in their math and English classes. Colleges in this system have demonstrated that involvement strategies can significantly increase completion rate in math classes.

GOAL AREA | STRATEGY AREA | RELATED INDICATOR (Title and Number from Menu)

State-Level Core Course Completion Performance Goal
Increase to 85 Percent the Rate of Students Who Successfully Complete English and Math Classes

Historical Trend and Goal

	Core Course Completion Rate		
	Winter 96	**Winter 97**	**Legislative Goal**
Rate	77%	78%	85%

Strategies

Most students who leave a class without a passing grade have dropped out of the course and generally out of the college as well. Thus the retention strategies to help students be involved in their learning are key to improving completion rates.

Use of groups: Group learning promotes active learning, encourages creativity and helps students use the skills taught in math and English much as they are used outside the classroom.

Connecting learning to practical decisions: Using real world applications and processes encourages student learning.

Early intervention: Where colleges are able to identify students who are failing early in the quarter, they can provide assistance such as tutoring.

GOAL AREA | STRATEGY AREA | RELATED INDICATOR (Title and Number from Menu)

State-Level Student Efficiency Performance Goal
Increase to 95 Percent the Efficiency Rate of Student Educational Goal Achievement

Historical Trend and Goal

	Graduation Efficiency Index (GEI)		
	Class of 1995-96	Class of 1996-97	Legislative Goal
Rate	80%	81%	95%

Strategies

The GEI looks at the credits taken by students who complete degrees or certificates versus the number of credits listed in the catalog for that degree or certificate. The closer the number is to 100 percent, the closer the student came to taking just the number of credits required and no more. Both helping students to understand what they need to do to achieve their goal and removing barriers to student progress are central to improving the GEI. Strategies include:

Clarify goal: Early on, some students need help to clarify their goals through improved advising, and first year experience courses and orientations.

Course availability: Colleges need to provide enough sections each year, in a predictable sequence, of the classes that are needed for graduation.

Completion of short-term goals: Some students enroll with goals that can be met in a less than a year. Colleges must address their needs as well as those of students with degree and certificate goals.

Key courses: Most students need to complete math and English as part of their program. Thus efforts to improve completion rates in those classes are central to improving the GEI.

Dual credits: One of the most efficient programs for young students is Running Start. Students complete college credits while in high school. The credits completed in this manner save the student time to the degree.

GOAL AREA	STRATEGY AREA	RELATED INDICATOR (Title and Number from Menu)

Plan for State Board Release of Performance Funds to the Districts

1997-98 Funding

District Responsibilities

- Identify specific strategies for improvement in each of the four goal areas. These are to be strategies that can be implemented in the fall and winter of 1997-98 and lead to immediate improvements.
- Identify short-term, management indicators related to each strategy. These will become the evidence to use in judging whether or not performance improvement was demonstrated. The indicators are to be selected from a common menu. Historical data for most indicators will be provided by SBCTC.
- Submit an *Accountability for Improvement Plan* to the State Board by November 14. A copy of the instructions for the plan is attached. Note that in future years the annual plans will be due to the Board in May.

State Board Responsibilities

- Approve implementation plan and submit to OFM, legislature.
- Develop criteria for the review of the Accountability for Improvement Plans (see below for criteria).
- Develop a menu of short-term, management indicators for districts to use in their plans.
- Provide college-level historical data for these short-term, management indicators.
- Act on Accountability for Improvement Plans as submitted by the districts. If the Board approves the college's plan, funding for 1997-98 will be released at the December Board meeting. If plans are not approved, Board staff will work with colleges until acceptable plans are developed and release of funding can be approved.

Criteria for Plans

- Extent to which the district plan is related to the state-level goals (all four for community colleges, all but transfer goal for technical colleges).
- Extent to which the areas of focus relate to a large student group or the expected improvement for a small group is sufficiently substantial to lead to improvement in college's rating on the state-level goals.
- Effectiveness of proposed strategies to achieve improvement in

GOAL AREA	STRATEGY AREA	RELATED INDICATOR (Title and Number from Menu)

goal areas. Extent to which plan has evidence to support assumption that strategy has potential to achieve improvement.

1998-99 Funding

District Responsibilities

- In spring 1998, update the short-term, management indicators.
- Make a judgment about whether the planed improvement was or was not made in each goal area based on the evidence from the multiple indicators.
- Combine the indicator data and district judgment into an *Annual Institutional Assessment* and submit in May, 1998.

State Board Responsibilities

- Provide college-level current data for the short-term, management indicators.
- Evaluate district conclusions about performance in each area .as represented in the district's *Annual Institutional Assessment*
- Based on that judgment, determine eligibility for all or partial funding.

Partial Funding

For community colleges, performance funds released will range from none, 25 percent, 50 percent, 75 percent and 100 percent depending on the evidence of improvement in the four areas. If there is evidence of improvement in three of the four areas, for example, 75 percent of the funds will be released. For technical colleges, there are only three areas, so none, 33 percent, 66 percent and 100 percent of the funds can be released.

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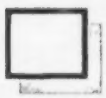

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